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C O N F I D E N T I A L SECTION 01 OF 03 TEL AVIV 002630

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STATE FOR NEA FOR FRONT OFFICE; NEA/IPA FOR
GOLDBERGER/SHAMPAINE/ROSENSTOCK/PECCIA; NSC FOR
ABRAMS/SINGH/WATERS

E.O. 12958: DECL: 08/28/2017
TAGS: [IS](#) [KPAL](#) [KWBG](#) [PGOV](#) [PREL](#)
SUBJECT: SETTLEMENT SQUATTERS WILL NOT BE EVACUATED

REF: TEL AVIV 00604

Classified By: Ambassador Richard H. Jones. Reasons: 1.4 (b) (d).

11. (C) Summary: On August 1-2, hundreds of would-be-homeowners broke into unfinished apartments in West Bank settlements and the Har Homa settlement in East Jerusalem following rumors that Heftsiba, one of Israel's largest construction companies, had gone bankrupt. Acting on instructions from rabbis, the primarily ultra-orthodox buyers arrived in the middle of the night to various settlement building sites to establish ownership, fearing that these properties would be seized by the company's creditors. This wave of apartment invasions has subsequently led to hundreds of families squatting in West Bank settlements and Har Homa in East Jerusalem. Most notably, however, are some 300 families currently squatting in Mattityahu East, located northwest of Jerusalem, despite a 2006 Israeli High Court of Justice (HCJ) injunction barring occupation of these units. Although trespassing in Mattityahu East violated the criminal code and contravened the injunction, the Court subsequently ruled on August 27 that the squatters would be allowed to stay until Heftsiba's financial and legal statuses were clarified and the courts determined whether the buyers could legally claim the apartments or receive a refund. End summary.

Ultra-Orthodox Storm Settlements

12. (C) Following rumors that the Heftsiba real estate company had gone bankrupt, on August 1-2 hundreds of angry would-be homeowners forcefully entered unfinished apartments they had bought from the company -- including those in the Mattityahu East, Ma'ale Adumim, Kiryat Sefer, Betar Illit, Efrata, and Har Homa settlements. Acting on instructions from rabbis, the primarily ultra-orthodox buyers arrived in the middle of the night to various settlement building sites to establish ownership, fearing that these properties would be seized by the company's creditors. This wave of apartment invasions has subsequently led to hundreds of families squatting in settlements. Most notably, however are some 300 families currently squatting in Mattityahu East apartments, despite an HCJ injunction barring occupation of these units. In January 2006, in response to a petition by Peace Now and Palestinians from the adjacent village of Bil'in questioning the construction's legality, the Court issued an injunction freezing construction at the Mattityahu East site, forbidding any habitation of about 400 apartments that have already been constructed, and prohibiting delivery of any ownership to buyers (reftel). (Note: Mattityahu East is in the Modi'in Illit settlement bloc, located north-west of Jerusalem. The

injunction issued questions the legality of some 3,000 housing units being built by the Heftsiba and Green Park companies. End note.)

No Evacuation of Mattityahu East Squatters

13. (C) Although trespassing in Mattityahu East is not only a criminal offense, but also contravenes the Court's injunction, the Court subsequently ruled on August 27 that the squatters would be allowed to stay in the apartments until Heftsiba's financial and legal statuses were clarified and the courts determined whether the buyers could legally claim the apartments or receive a refund. According to the Court's decision, squatters who had invaded the apartments prior to August 6 would not be evacuated. Those who squatted or will squat after August 6 would not be entitled to the Court's protection, according to Ha'aretz and YNET. (Note: Using the Central Bureau of Statistics average West Bank family size of 4.6, it is estimated that almost 1,400 individuals are squatting in Mattityahu East. However, since most, if not all of the buyers are from the ultra-orthodox sector, the 4.6 multiplier is a modest estimation for the average family size from this community and the actual number of squatters is likely higher than 1,400. A variety of scholastic publications and press reports estimate that the average ultra-orthodox family size ranges from 6-10 members. End note.)

14. (C) Michael Sfard, attorney for Peace Now and Palestinian residents of Bil'in, described the Court's decision as "having no logic," noting to econoff the

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dichotomy of the Court's decision: the Court upheld the injunction barring occupation of the apartments while it also prevented the evacuation of the squatters. Sfard speculated that the decision was made to avoid a clash that would entail the forcible evacuation of about 300 families and their sympathizers. Sfard added that he neither had seen nor was aware of any active GOI measures barring additional squatters from entering these units. He speculated that in the end, the Court would not order all of the Mattityahu East apartments to be destroyed regardless of their legal status.

Squatters, Heftsiba Blame Peace Now

15. (C) Heftsiba and the squatters blame Peace Now for the company's collapse, claiming that the organization's HCJ petition froze the sale of hundreds of apartments and caused a sharp cut in the firm's cash flow. On August 15, Director General for Peace Now Yariv Oppenheimer told econoff that Shas leaders (ultra-orthodox political party) had appealed to Yossi Beilin (Meretz-Yahad party head) to urge Peace Now to drop its petition against Mattityahu East's construction. Shas leaders said that the buyers were innocent victims caught in middle of a dispute between the State, the construction companies, and Peace Now and Bil'in residents. Although sympathetic to the buyers, Oppenheimer said the petition would remain. For Oppenheimer, a just solution for all victimized parties in the Mattityahu East case -- the Israeli buyers and Palestinians from Bil'in -- would be for the GOI to compensate the buyers so that they could resettle elsewhere.

Heftsiba

16. (C) According to the Jerusalem Post, Heftsiba had been

the biggest builder for the ultra-orthodox -- arguably the poorest community in Israeli society -- with about 30 percent of the firm's activities targeted towards this sector. Dorit Seideman, employed by the Bank of Jerusalem and wife of embassy contact Danny Seideman, told econoff on August 22 that documents Heftsiba submitted to Israeli courts indicated that, with the exception of Mattityahu East, the company was in the process of building or completing about 950 apartments in West Bank and East Jerusalem settlements. Dun and Bradstreet, the leading business information company in Israel, also indicated that Heftsiba had been in the process of building more than 4,000 housing units, with an additional 8,000 homes in various stages of planning in Israel, Jerusalem, and the West Bank. In the wake of Heftsiba's collapse, however, Bank Hapoalim and Heftsiba subcontractor Denya Sibus Ltd. have reached an agreement to allow customers of 162 apartments in Har Homa and Ma'ale Adumim to legally receive their apartments, according to press reports.

Comment

17. (C) Heftsiba's downfall offers a glimpse of what is in the settlement pipeline -- possibly thousands of housing units which have been planned and approved by the GOI, but have not yet been built. In the past, we have asked the GOI for information of their plans, but have yet to receive it.

18. (C) Embassy is also closely monitoring the Mattityahu East case. Per reftel, if the HCJ upholds the legality of the Civil Administration's retroactive approval of the unauthorized construction of some 3,000 housing units in Mattityahu East, this precedent may be applied to legalize outposts that the GOI has committed to evacuate. It also may embolden settler leaders and other companies to independently build new or expand existing settlement neighborhoods or outposts with the knowledge that legalization is increasingly possible.

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